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1996

URBAN
MUNICIPAL**Audited Financial Statement 1996**

URBAN MUNICIPAL

JUL 21 1997

GOVERNMENT DOCUMENTS

Auditors' Report

To the Board of Directors
Royal Botanical Gardens

We have audited the balance sheet of Royal Botanical Gardens as at December 31, 1996 and the operating fund statement of revenue and expenses and balance of fund (deficit), the endowment, capital, designated, and other funds statement of revenue and expenses and balance of funds, for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Royal Botanical Gardens derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Royal Botanical Gardens and we were unable to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expense, assets and balance of funds.

In our opinion, except for the effect of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Hamilton, Canada,
February 26, 1997.

Ernst + Young

Chartered Accountants

 **ERNST & YOUNG** **Royal Botanical Gardens**

Balance Sheet

As at December 31

		1996		1995
	Operating fund	Endowment, capital, designated, and other funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Cash	188,094	----	188,094	349,713
Invested with The Regional Municipality of Hamilton-Wentworth [note 7]	37,135	2,814,856	2,851,991	3,538,858
Investments - at cost [market value: 1996 - \$5,272,651; 1995 - \$4,104,250]	----	4,482,119	4,482,119	3,601,065
Accounts receivable	237,159	----	237,159	104,876
Goods and services taxes recoverable	52,167	----	52,167	35,541
Total assets	514,555	7,296,975	7,811,530	7,630,053
LIABILITIES AND BALANCE OF FUNDS				
Accounts payable	436,863	----	436,863	290,724
Deferred revenues	79,519	----	79,519	65,757
Total liabilities	516,382		516,382	356,481
Balance of fund (deficit)	(1,827)	7,296,975	7,295,148	7,273,572
Total liabilities and balance of funds	514,555	7,296,975	7,811,530	7,630,053

See accompanying notes

On behalf of the Board:

Bill Ewan

Director

Michael Steverga

Director

Endowment, Capital, Designated, and Statement of Revenue and Expenses as at

Year ended December 31

	Endowment \$ [note 3]	Capital \$
Balance, beginning of year	2,891,538	2,683,093
Donations and grant revenues	57,977	570,000
Transfers from (to) other funds	207,052	30,000
Investment income	319,353	247,682
	3,475,920	3,530,775
Outlays and expenses	220,859	1,164,359
Transfer to operating fund	186,863	25,000
	407,722	1,189,359
Balance, end of year	3,068,198	2,341,416

See accompanying notes

Operating Fund Statement of Revenue and Expenses & Balance of Fund(Deficit)

Year ended December 31

	1996 \$	1995 \$
REVENUE		
Grants		
Province of Ontario - Ministry of Citizenship, Culture and Recreation	1,617,800	1,739,240
Regional Municipality of Hamilton-Wentworth	905,676	1,061,870
Regional Municipality of Halton	370,284	463,632
	2,893,760	3,264,742
Admissions	353,526	293,459
Membership fees and donations [note 2]	627,762	603,659
User fees and other income [note 2]	593,654	553,418
Transfers from endowment, capital, designated, and other funds	797,043	752,536
	5,265,745	5,467,814
EXPENSES		
Operation and maintenance		
Garden operation and maintenance areas	1,691,046	1,918,322
Buildings and equipment	1,162,494	1,298,097
	2,853,540	3,216,419
Scientific and research program	365,594	340,542
Educational program	353,998	496,021
Administration	553,662	574,133
Development	225,952	177,213
Admissions	74,537	69,608
Other programs and projects	294,660	249,233
Marketing	543,295	348,427
	5,265,238	5,471,596
Excess (deficiency) of revenue over expenses for the year	507	(3,782)
Balance of fund (deficit), beginning of year	(2,334)	1,448
Balance of fund (deficit), end of year	(1,827)	(2,334)

See accompanying notes

Other Funds

Balance of Funds

1996				1995	
Project Paradise \$ [note 4]	Biodiversity \$ [note 5]	Designated Funds \$	Reserve Funds \$ [note 6]	Total \$	Total \$
577,470	28,430	572,859	522,516	7,275,906	6,616,420
331,318	30,000	459,018	61,992	1,510,305	1,752,419
-----	25,000	(262,052)	-----	-----	-----
89,049	-----	41,969	49,318	747,371	554,335
997,837	83,430	811,794	633,826	9,533,582	8,923,174
-----	54,346	-----	-----	1,439,564	894,732
125,748	9,916	416,439	33,077	797,043	752,536
125,748	64,262	416,439	33,077	2,236,607	1,647,268
872,089	19,168	395,355	600,749	7,296,975	7,275,906

Notes to Financial Statements



1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Royal Botanical Gardens [RBG] have been summarized to facilitate review of the financial statements.

Financial statements

[i] The operating fund includes administration, the costs for the operations and maintenance of garden and conservation areas, buildings, ongoing development of major plant collections, garden and conservation areas as well as scientific and educational activities. Other special activities and programs are also administered by this fund with the costs mainly funded by grants, donations and user fees.

[ii] The endowment, capital, designated, and other funds represent funds that have been received from personal and corporate donations, various estates, other special donations and grants. Assets associated with these funds have been segregated and revenues generated by these assets are allocated to the various funds in proportion to the balance of the funds. Expenses are charged to these funds in accordance with the terms of the specific endowments or grants. The investments owned by these funds are managed by an independent investment counsel.

Revenue recognition

[i] Grants are recorded as revenue when the related expenses have been made and the applications for the grants have been approved by the relevant government agencies. Grants which have been received in advance of incurring the related expenses are included on the balance sheet as deferred revenues.

[ii] Donations are recognized as revenue in the year in which they are received.

Donations in kind

Donations in kind of \$92,392 [1995 - \$96,230] are recorded at their estimated fair market value at the date of donation and are included in "membership fees and donations" and "other programs and projects in the operating fund statement of revenue and expenses and balance of fund."

Fixed assets

Fixed assets which were acquired from current donated funds are charged to expense in the year of acquisition. Fixed assets expensed in the operating fund statement of revenue and expenses and balance of fund amounted to \$15,000 [1995 - \$117,632].

Statement of changes in financial position

A statement of changes in financial position is not presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

2. REVENUE

	1996 \$	1995 \$		1996 \$	1995 \$
Membership fees and donations			User fees and other income		
Membership fees	270,938	246,392	Facility rentals and catering	283,078	291,920
Donations	356,824	357,267	Education	136,583	100,802
	627,762	603,659	Other	173,993	160,696
				593,654	553,418

3. ENDOWMENT FUND

The endowment fund includes donations that are designated by the donor for support of specific activities or projects. These funds include Palmer Memorial Trust, Woodland Garden Fund, Katie Osborne Lilac Garden Fund, Barbara Laking Memorial Fund, and the Dunnington Grubb Fund.

4. PROJECT PARADISE

The restoration of Cootes Paradise as part of the Fish and Wildlife Habitat Restoration Project in Cootes Paradise and Grindstone Creek and the Hamilton Harbour Remedial Action Plan are in process. While the work plan is being implemented, fundraising efforts continue with respect to collection of pledges and increasing support for the project. The work plan will be implemented to the extent for which funds are available. The pledge commitments as at December 31, 1996 amount to \$582,773.

5. BIODIVERSITY

To further the biodiversity efforts of RBG, the Board of Directors resolved to be a major player in the formation of the Canadian Botanical Conservation Network [CBCN]. The goal of the CBCN is to aid Canadian botanical gardens and arboreta in realizing their potential to contribute to the conservation of biological diversity. The CBCN is a national program with a long-term goal of making a significant contribution to the survival of many of Canada's endangered plants.

6. RESERVE FUNDS

	1996 \$	1995 \$
Replacement of mobile equipment	165,661	105,111
Accumulated sick leave [see below]	105,930	128,943
RBG centre maintenance	329,158	288,462
	600,749	522,516

Under a previous sick leave benefit plan, certain employees may become entitled to a cash payment in lieu of sick leave days when they leave the Royal Botanical Gardens' employment. This plan has been replaced by long-term disability plans, for service commencing in 1978.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, has been provided for at the end of the year.

7. INVESTED WITH THE REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH

This account balance represents cash and investments held on behalf of RBG and is payable on demand. Interest is paid on this account based on the rate of return that the Region earns on its investments. Interest earned was applied to the funds to which they relate.

8. INCOME TAXES

RBG is a registered Canadian charity and is not subject to income taxes.

9. RELATED PARTY TRANSACTIONS

The Auxiliary of The Royal Botanical Gardens [Auxiliary] is a non-profit organization that raises funds for the benefit of RBG. RBG provides facilities to the Auxiliary at no cost. Donations received from the Auxiliary during the year amounted to \$101,021 [1995 - \$185,202].

10. COMPARATIVE INFORMATION

The comparative 1995 financial statements have been reclassified from statements previously presented to conform to the presentation of the current year.